

AMENDED IN ASSEMBLY APRIL 19, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2323**

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**Introduced by Assembly Member Torlakson**  
**(Coauthor: Assembly Member Chesbro)**

February 19, 2010

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An act to add ~~Section 8449 to~~ *and repeal Section 8449 of the Education Code, relating to child care and development services.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2323, as amended, Torlakson. Direct service contracts.

The Child Care and Development Services Act, administered by the State Department of Education, requires the Superintendent of Public Instruction to administer child care and development programs for eligible children from infancy to 13 years of age. The act requires each entity that enters into a direct service contract with the state to provide child care and development services to comply with specified financial requirements, and to annually undergo a financial and compliance audit.

This bill would authorize a contractor to carry forward certain reimbursable expenses and unearned funds to a subsequent contract issued by the department to continue the same program or services, subject to specified requirements. *The bill would require the department to submit a report to specified committees of each house of the Legislature by January 1, 2014. The bill would repeal the bill's provisions on January 1, 2016.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 8449 is added to the Education Code, to read:

8449. (a) Notwithstanding any other provision of law, a contractor whose reimbursable expenses in any direct service contract exceed the earnings in the contract shall be allowed to carry forward the reimbursable expenses that exceed contract earnings to a contract issued by the department to continue the same program services, except that the expenses carried forward shall not exceed 10 percent of the maximum reimbursable amount of the contract from which the expenses are carried forward.

~~(b) A contractor shall be allowed to carry over up to 20 percent of unearned funds in a direct service contract to a contract issued by the department to continue the same program services during a subsequent contract period. Those unearned funds shall be reimbursed pursuant to the laws and regulation, including earning funds, that apply to the subsequent period. The department may require the contractor to submit a plan to earn the carryover funds in the subsequent contract period.~~

~~(c) Nothing in this section shall require the department to issue a new contract to a contractor in a subsequent period to continue services.~~

*(b) Nothing in this section shall require the department to do either of the following:*

*(1) Issue a new contract to a contractor in a subsequent period to continue services.*

*(2) Increase the future contract as a result of a contractor carrying forward any reimbursable expenses pursuant to this section.*

*(c) Nothing in this section changes the requirements under Section 8265 that contractors earn reimbursement through serving children, or reduces the number of children that a contractor must serve to earn its contract.*

*(d) (1) The department shall submit a report to the Senate and Assembly Committees on Appropriations, the Senate Committee on Budget and Fiscal Review and Assembly Committee on Budget, and Senate and Assembly Committees on Education by January 1, 2014, on the number and percentage of contractors that carried*

1 over expenses and the amount carried over pursuant to subdivision  
2 (a).

3 (2) A report to be submitted pursuant to paragraph (1) shall be  
4 submitted in compliance with Section 9795 of the Government  
5 Code.

6 (e) This section shall remain in effect only until January 1, 2016,  
7 and as of that date is repealed, unless a later enacted statute, that  
8 is enacted before January 1, 2016, deletes or extends that date.